

MEMORANDUM

To: Kimberly Baptiste, Bergmann Associates
From: Dan Stevens, Camoin Associates
Date: 12/13/2016
Re: **Downtown Rome BOA Step 3 – East Dominick Street Business Attraction Strategy**

Introduction

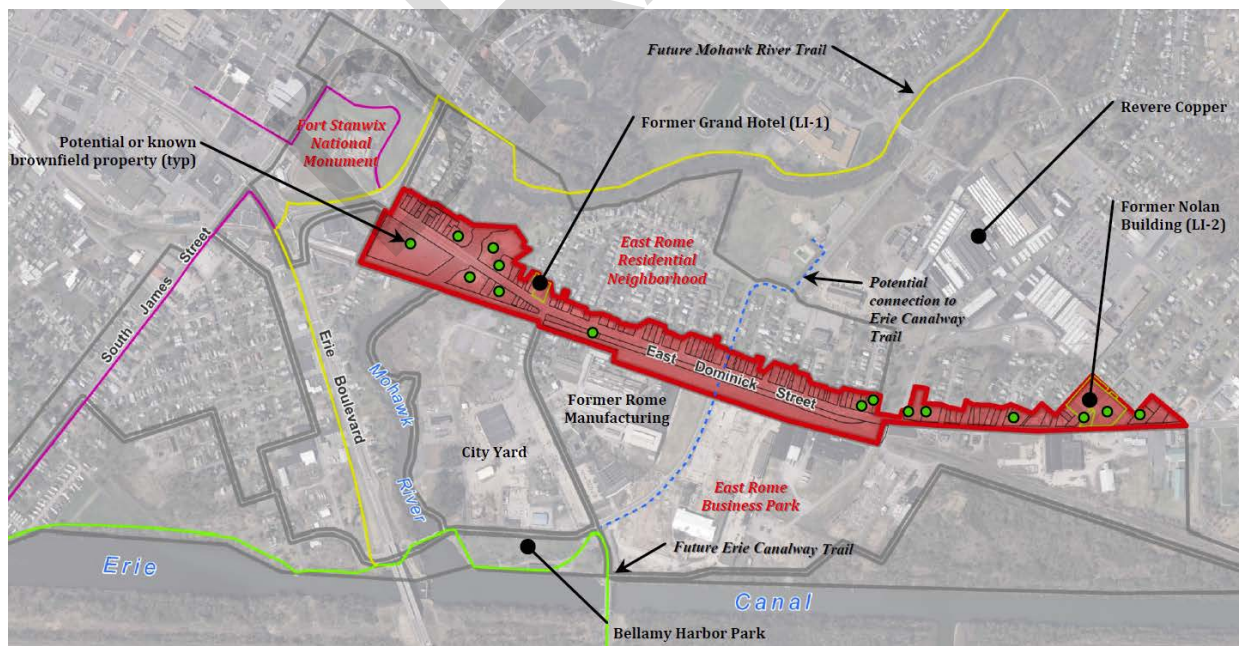
As part of the Downtown Rome BOA Step 3 project, Camoin Associates developed a business attraction strategy to draw new businesses to the “Little Italy” corridor. The strategy focuses on creating an attractive and marketable corridor, while also providing guidance on recruiting businesses in target categories.

This memo includes the following sections:

- Current Conditions Overview
- Opportunities and Challenges
- Targeted Business Analysis
- Business Attraction Strategy

Current Conditions Overview

This section summarizes the current conditions along the East Dominick Street (“Little Italy”) Corridor. The BOA Full Nomination Study provides a more in-depth look at the corridor. The map below highlights the study area for the business attraction strategy.





Description

The corridor is characterized by relatively poor quality and dated two-story buildings with storefronts that feature low-quality retail, restaurants, and professional offices, with a few notable exceptions. Many of the commercial buildings have residential units above.

Building Inventory

There are 50 commercial buildings along the corridor according to CoStar data. The Rentable Building Area (RBA) of all of these buildings totals 308,000 square feet. The average age of commercial buildings along the corridor is 81 years old. There are a reported 4 spaces available accounting a total of 12,000 square feet of available space. The largest space is 5,400 square feet while the smallest available space is 2,300 square feet. The reported vacancy, therefore, is 3.9%, which is considered low.

One reason for the low vacancy is the low lease rates. The rent per square foot is generally around \$5 to \$7 (triple net). Asking sale prices are only in the mid-\$40 per square foot range.

Current Business Mix

The corridor has numerous established eateries and businesses. The restaurants in the corridor include:

- Iron Kettle Coffee Shoppe
- Vigneto Bar Grill
- Savoy Restaurant
- The Clover
- Donna's Café
- Dematteo's Restaurant
- The Mill
- Cianfrocco's Subs & Wings
- China Inn Restaurant

There are also several retail establishments including a gas station, auto parts store, motorcycle supply, flooring, and other miscellaneous retail storefronts. The corridor also has some professional offices including an insurance company. The businesses along the corridor mostly serve a lower-end price point in the market.

Opportunities and Challenges

The table below summarizes the key opportunities and challenges for business attraction along the East Dominick Street Corridor.

Opportunities to Capitalize On	Challenges to Overcome
<ul style="list-style-type: none"> ■ Good traffic count ■ Marcy Nanotech potential to increase traffic count ■ New high-income Nanotech workers potentially living in area ■ Little Italy identity ■ Several existing restaurants, including Rome's top rated (Savoy) ■ City Yard Redevelopment Project ■ Rod Mill Redevelopment (microbrewery) ■ Build off momentum of recent investment in Grand Hotel redevelopment ■ Numerous infill sites are possible for new construction ■ Good accessibility 	<ul style="list-style-type: none"> ■ Poor aesthetic quality to corridor ■ Streetscape design is not pedestrian friendly ■ Low population growth and stagnant economy (citywide) ■ Low income consumer base ■ No merchant's association or business improvement district (BID) ■ Dated and low quality commercial spaces ■ Lack of information online about locating a business in Rome ■ High traffic speed (insufficient traffic calming measures) ■ Limited number of vacant spaces



Targeted Businesses Analysis

Downtown BOA Step 2: Business Mix Vision

The Step 2 Plan for the Downtown Rome BOA included a vision for the East Dominick Street corridor as “a small-scale, neighborhood commercial use district to support adjacent residences and centers of employment.” The plan recommended future land use categories including:

- Mixed use commercial with upper story residential
- Restaurants and bars
- Professional services, including medical, financial and real estate
- Townhomes and multi-family buildings

Downtown BOA Step 3: Market Feasible Businesses

The spending demand analysis for the City of Rome, completed as part of the Erie Boulevard BOA Step 2 project, identified several business types that would be a good fit for this area given current market conditions. Based on that analysis, retail categories with potential for new businesses are highlighted in green in the table below.

The spending demand analysis shows that city residents are spending approximately \$3.7 million at restaurants outside of Rome. If 25% of that sales “leakage” was recaptured, it has the potential to support up to two new restaurants. The result is significant for East Dominick Street, which has a number of restaurants currently and could potentially bolster its identity and destination as a place for dining with additional establishments.

Spending Demand Analysis (Potential For New Retail Businesses in City of Rome)					
NAICS	Industry Group	A Retail Sales Gap (i.e. unmet demand)	B 25% Leakage Recapture* (A x 25%)	C Avg. Sales per Business (Upstate New York)	D Potential Businesses (B/C)
4431	Electronics & Appliance Stores	\$18,170,107	\$4,542,527	\$1,474,618	3
7221	Full-Service Restaurants	\$3,668,047	\$917,012	\$448,833	2
4481	Clothing Stores	\$7,974,475	\$1,993,619	\$1,019,927	2
4452	Specialty Food Stores	\$3,663,179	\$915,795	\$927,244	1
4483	Jewelry, Luggage & Leather Goods Stores	\$2,542,961	\$635,740	\$729,152	1
4422	Home Furnishings Stores	\$2,692,539	\$673,135	\$950,891	1
4539	Other Miscellaneous Store Retailers	\$2,427,000	\$606,750	\$1,031,530	1
4482	Shoe Stores	\$1,997,342	\$499,336	\$879,471	1
4533	Used Merchandise Stores	\$476,629	\$119,157	\$219,768	1
4442	Lawn & Garden Equip & Supply Stores	\$1,413,991	\$353,498	\$703,094	1
4461	Health and Personal Care Stores	\$3,358,077	\$839,519	\$1,880,583	0
4512	Book, Periodical & Music Stores	\$1,235,669	\$308,917	\$908,552	0
7223	Special Food Services	\$120,355	\$30,089	\$375,769	0

Source: ESRI; Camoin Associates

Color designates potential for at least 1 new retail business

Note that while Electronics & Appliance Stores appears to have feasibility, online retailers have come to dominate this category. Therefore, it is unlikely a brick and mortar business in this category would succeed.

The real estate market analysis describes a weak office market and found little demand for new commercial office space, particularly in this area of the city. Therefore, it is recommended that the City not focus its efforts on attracting office utilizing businesses along this corridor.



East Dominick Street Targeted Businesses

The following targeted business categories were identified based on the Step 2 vision and market analysis. While other businesses may be viable and appropriate, these categories are recommended as those on which the City should focus its attention. The target business categories follow the similar theme of food and entertainment, which will help strengthen the corridor's identity as a dining destination. The specific business categories are described in further detail below.

- **Full-Service Restaurants:** Full-service restaurants are those that provide sit-down service with a wait staff. Additional restaurants along the corridor will help create a critical mass of dining establishments that will not only create a vibrant dining and entertainment corridor, but also draw customers that will enhance retail businesses along the street.
- **Bars and Entertainment:** More upscale and "trendy" bars and small-scale entertainment venues should be targeted. These types of businesses will be more feasible over the longer-term as the Marcy project develops (and attracts young professionals) and as other BOA projects are undertaken, especially the potential microbrewery on the Rod Mill site that would serve as another dining and entertainment draw.
- **Specialty Foods:** Specialty food stores are those that are "engaged in retailing specialized lines of food products" or alternatively, stores that provide foods "that are typically considered unique and high-value food items made in small quantities from high-quality ingredients." Examples include bakeries, butcher shops, and cheese shops. Specialty food stores appropriate for the "Little Italy" corridor may include boutiques that specialize in pasta, pasta sauce, olive oil, etc. As the corridor becomes a major thoroughfare for the growing workforce, there will be an opportunity to capture commuters on their way to and from work who need to pick up a few items to prepare their next meal. Businesses offering high-quality, fresh-prepared food to go would do well in this market.

Business Attraction Strategy

The Erie Boulevard Corridor business attraction strategies are broken into two parts: (1) creating an attractive corridor, and (2) targeted business attraction. Creating an "attractive" corridor is necessary to lay the groundwork for recruiting and attracting businesses to locate along the corridor. Without this groundwork, it will be very difficult to attract businesses to the corridor due mostly to its low aesthetic quality.

Phase 1: Setting the Stage by Creating an Attractive Corridor

An attractive corridor means several things in this context. In a literal sense it means creating a more visually appealing corridor through façade and streetscape improvements. It also means creating an attractive environment for doing business, which includes programs, policies, and incentives that will be enticing to new businesses as well as growing and strengthening the local business community network.

The Step 2 work completed by Bergmann Associates contains several applicable strategies to improve the attractiveness of the Erie Boulevard Corridor. These are presented below:

- Promote the use of upper stories for apartments and live-work units
- Identify infill development opportunities for multi-use buildings
- Encourage the inclusion of owner-occupied housing into infill and redevelopment projects



- Promote and brand corridor as a complete neighborhood with a variety of commercial and residential options
- Encourage the development of upper story residential for live-work space
- Encourage the formation of a business improvement district or merchants' association to improve corridor advertising and promotions
- Encourage businesses to offer outdoor seating to add vibrancy to the street
- Continue to implement the City's Façade Improvement Program along East Dominick Street

Several of these key strategies are expanded upon and detailed below along with other key strategy recommendations for creating a corridor that the City can "sell" to potential new businesses.

1. Facilitate the Creation of a Merchants Association

A merchants association is a formal organization of businesses along East Dominick Street. These types of associations are typically membership based and give business owners the opportunity to work on projects, programs, and ideas that will be beneficial to all. Activities undertaken by merchants associations include things such as developing maps, promotional materials, events, and others. The City's role would be to convene local business owners to explore this option, work with the business community to establish an organizational and/or management structure that best meets their needs (ideally one where the local business community leads various initiatives and the City acts as a partner). Once the organizational structure is established, the City should work hand in hand with the association moving forward to enhance the corridor.

2. Strengthen Code Enforcement

Consistent code enforcement is an effective strategy to improving the conditions of privately-owned buildings along East Dominick Street. The best code enforcement strategies are not heavy-handed, but rather create a dialogue with property owners about what needs to be done and what resources are available to assist in making any necessary repairs and improvements. Targeted code enforcement is also an effective way to incentivize absentee landlords and repeat offenders to sell off their property to an owner that will provide better upkeep.

3. Encourage Restaurants to Add Outdoor Seating

Ensure that ordinances allow for outdoor seating. The City should also explore developing an infrastructure fund set-aside to make streetscape/sidewalk improvements in partnerships with restaurants that want to add outdoor seating, but are unable to do so because sidewalk space is limited or in poor condition. This can be done as part of a new streetscape program, discussed below.

4. Develop a Corridor Streetscape Program

The City should create a dedicated streetscape program for the corridor that prioritizes the specific streetscape problems and projects identified in the Step 2 plan. Explore state-level funding sources such as the New York Main Street Program and NYS DOT. Local funding options might include a business improvement district (BID). Included in the streetscape program would be continuing to implement the city's façade improvement program along the corridor. Both façade and streetscape projects should emphasize building a cohesive, unique identity for the corridor.

5. Promote Residential Uses Along Corridor to Expand Customer Base

Retail follows the market, it doesn't lead. One of the primary indicators for retail location decisions is "rooftops" (i.e. number of households in a given trade area). Encouraging new residential development along the corridor will strengthen the local consumer market. More residents equate to more spending



power and a more attractive place to invest in retail/entertainment projects. Specific actions to promote residential uses including ensuring ordinances permit these types of uses. We also recommend exploring the development of townhouse development along the thin vacant stretch of land towards the east end of the corridor, as recommended in the Step 2 plan.

Phase 2: Business Attraction

The City should not engage in business recruitment until the necessary legwork is done to create an attractive corridor. There must be an “attractive” product to sell to prospective businesses. The City should first focus its efforts on the items identified in Phase 1, and then leverage those investments to attract new businesses.

6. Create and Maintain a Commercial Space Inventory

A space inventory will provide an up-to-date list of available commercial spaces and properties along the East Dominick Street Corridor. The City should work with commercial real estate brokers, property managers, and property owners to create the inventory. Key attributes to be included in the inventory include at a minimum:

- Lease/Sale Rates
- Size and Condition
- Photographs
- Contact Information

The inventory should interface with the city’s GIS system and have an outward facing, searchable web interface.

7. Create a Recruitment Information Package

A recruitment package is a collection of the key information pieces that will help “sell” the East Dominick Street Corridor. The package should be professionally designed and printed to give it maximum appeal. The following items should be included in the package:

- **Market profile:** The market profile should be a brief piece that highlights the positive market characteristics of the corridor. It should include household income and spending information, results of the retail market analysis, traffic count information, and other key pieces of information that make the case for locating a business to the corridor. The market profile should be geared towards the type of business being targeted (retail, restaurants, entertainment, etc.).

Highlight the fact that East Dominick Street is an important corridor connecting downtown to Griffiss Technology Park and will experience an increase in traffic volume as one of the main conduits between Rome and the future Marcy Nanotech project. Link to press releases and news articles describing this growth and describe emerging trends as they pertain to the data points noted above.

- **Business profiles:** Prospective businesses want to know what the existing business mix is and to see that other similar types of businesses are being successful. The business profiles should highlight the most attractive and successful businesses along the corridor such as Savoy. Fewer quality examples is better than quantity. The profile should include quotes from existing business owners if possible. Recruit a handful of local business leaders to be “on-call” to meet with future



prospects and coach these business owners on how to help sell the community as opportunities arise.

- **Space profile(s):** Provide brochures, or “one-sheets” on available commercial spaces that are suited to the target business. Involve the property manager or property owner in this process. Information for space profiles can be pulled from the commercial space inventory (discussed separately).
- **Map:** Include a map, especially for prospects that may be unfamiliar with the city. Include both a reference map and a map showing the corridor’s trade area.
- **Area Vision and Future Projects:** This will be especially important for the East Dominick Street corridor, which faces negative perception issues. Communicate the vision for the Downtown BOA area as a transformative process that will reinvigorate this part of the city, which in turn will attract people to East Dominick Street. Highlight how new projects will be people generators. For example, new athletic fields proposed in the BOA may host tournaments that will draw significant visitors that will patronize local restaurants.
- **Contact Information:** Provide contact information for a single person at the city who will serve as the East Dominick Street business recruitment point-person.

8. Designate Point Person for Business Recruitment

The City should have a single point-person that is the go-to when a business is considering locating in Rome. This point-person would then be the go-to for inquiries and interest about the East Dominick Street corridor. This person should be responsible for maintaining current data on the business climate and maintaining marketing materials.

9. Target Restaurants to Create a “Restaurant Row”

Restaurants should be prioritized for recruitment based on the corridor’s competitive advantage having existing restaurant establishments and the market potential for full-service restaurants identified in the real estate market analysis.

The City’s key strategy for targeting restaurants should be to identify and attract 2nd and 3rd location options for existing restaurants in Utica and Syracuse and potentially further cities like Rochester and Albany (note that the priority should be to focus on places that would allow business owners to drive to visit their second location, preferably only a few hours drive time max). Create a “target list” of potential prospects that would be a good fit for East Dominick Street. Reach out to discuss interest and share the recruitment package with owners that express an interest. It is important that there are available properties to match the needs of the restaurant being targeted or there is a potential property match coming on the market.

10. Create an Annual Food-Related Event

A major food event will help brand the corridor as a dining destination and familiarize eventgoers with the existing dining businesses. The event should invite and feature restaurants, wineries, breweries, and other establishments from around the region. The large parking lot across East Dominick Street from Savoy would serve as an ideal location. The City could explore an Italian food theme to help bolster the corridor’s “Little Italy” brand.

Examples of food events from other communities include:



- **Saratoga Springs, New York - Chowderfest** where visitors can sample from area restaurants. More at <https://discoversaratoga.org/chowderfest>
- **Bel Air, Maryland - BBQ Bash** which is a street festival with BBQ competitions. More at <http://belairmaryland.org/events-2/md-bbq-bash/>
- **Phoenix, Arizona - Pizza Fest** that features live bands, craft beer, lawn games and more. More at <http://phoenix.pizza/>

11. Initiate a Targeted Marketing Campaign

A targeted marketing campaign will focus on businesses within the three target industry categories (restaurants, bars and entertainment, and specialty foods). The steps to a targeted marketing campaign are as follows:

- **Research or obtain lists of businesses in each category.** Focus the search on existing businesses in the region including those in Utica or Syracuse that may be interested in opening a second or third location. For small businesses, owners of a business looking to expand will often choose a geography that is within reasonable driving distance so they can personally visit and oversee operations.
- **Create a direct mail brochure.** A professionally designed brochure should be developed for each specific business category. The brochure can be a simple one-sheet page. It should express a desire for that type of business and include the key pieces of market information relevant to that business type and include information on assistance that is available. It should also make clear that the City has a vision for the East Dominick Street corridor and surrounding area and is committed to its revitalization.
- **Mail the recruitment package to prospects.** The package (see above) should be mailed to business owners that express an interest after receiving the brochure. Again, note that available (or soon to be available) spaces or sites appropriate for the business should be available to market to them.
- **Personal follow-up.** The City's designated point person should personally follow up with those business owners that have expressed an interest and received a recruitment package.